Special Love, Inc.
Gift Acceptance Policy and Guidelines

Special Love solicits and accepts gifts only for purposes that will support its mission to provide a community of support for children with cancer and their families.

I. Purpose of Policy and Guidelines

Special Love solicits current and deferred gifts from individuals, corporations and foundations to secure the future growth and mission of the organization. This policy governs the acceptance of gifts by the organization and provide guidance to prospective donors and their advisors when making gifts to Special Love. The organization will comply with the Model Standards of Practice for the Charitable Gift Planner prepared by the National Committee on Planned Giving, included as Attachment A to this document.

Special Love employees and agents shall urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts, including the resulting tax and estate planning consequences.

II. Use of Legal Counsel

Special Love will seek the advice of legal counsel and/or tax advisors in matters relating to acceptance of gifts that could place the organization at risk. Review by counsel is required for:

1. Gifts of securities that are subject to restrictions or buy-sell agreements.
   The Foundation will need to determine that:
   a. The security is not restricted or that any restrictions on sale or disposition are acceptable.
   b. The security is marketable.
   c. The security will not generate undesirable tax consequences for the organization.

2. Transactions governed by contracts or legal documents.
   These would include bargain sales, trusts naming the organization as trustee or requiring the Foundation to act in any fiduciary capacity, restricted gifts, and charitable lead or remainder trusts.

3. Gifts requiring Special Love to assume financial or other obligations, e.g., charitable gift annuities and real or tangible property that may take some time to sell.

4. Transactions with potential conflicts of interest.

This may include the use of board members as sales agents in transactions, leases of gift property to staff or board, etc.

5. Gifts of tangible personal property or property that may be subject to environmental or other regulatory restrictions.

III. Conflict of Interest

Upon joining the board of directors, members sign a conflict of interest agreement that outlines conflicts of interests and allows board members to pledge their commitment to establish and maintain the highest level of public confidence in the accountability for Special Love.

To avoid a conflict of interest, Special Love staff or members of the board of directors may not be named in a donor's will or trust, nor act in an official capacity such as witness, notary, attorney-in-fact, executor, or trustee, ***unless*** the donor is a family member, or personal friend.

To avoid unauthorized practice of law, neither staff nor members of the board of directors of the Special Love will prepare wills or living trust documents for donors.

IV. Restrictions on Gift Acceptance

Special Love will not accept gifts that:

a. Would result in the organization's violating its corporate charter;
b. Would result in the organization's loss of its status as a §501(c)(3) tax-exempt organization;
c. Are too difficult or too expensive to administer in relation to their value;
d. Are likely to result in unacceptable consequences for the organization; or
e. Are for purposes outside the organization's mission.

Decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Executive Committee of the Board of Directors, in consultation with Special Love's Executive Director and Director of Development.

Special Love will not accept any gifts (e.g. cash, securities, in-kind, etc.) from the tobacco industry, or their subsidiaries.

V. Gifts Generally Accepted Without Review

1. ***Cash*.** Cash gifts are acceptable in any form, including by check, money order, credit card or online. Donors wishing to make a gift by credit card must provide the card type (e.g., Visa, MasterCard, American Express), card number, expiration date, CVV, and name of the cardholder as it appears on the credit card.

2. ***Publicly Traded Securities***. Publicly traded securities may be transferred electronically to an account maintained at one or more brokerage firms or delivered physically with the transferor's endorsement or signed stock power (with appropriate signature guarantees) attached.

   All publicly traded securities will be sold promptly upon receipt unless otherwise directed by the Finance Committee. In some cases publicly traded securities may be restricted, for example, by applicable securities laws or the terms of the proposed gift. In such instances, the decision to accept the restricted securities shall be made by the board's Executive Committee.

3. ***Bequests.*** Special Love encourages bequests to be made by individuals under their wills and trusts. Such bequests will not be recorded as gifts to the organization until the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift will be recorded at the time the gift becomes irrevocable. The following language can be used to create a bequest to Special Love.

   "I hereby bequeath (amount or percentage of estate) to Special Love, Inc., (Federal Tax identification number 54-1218130), a non-profit corporation, organized and existing under the laws of the State of Virginia, and with principal address of 117 Youth Development Court, Winchester, VA 22602."

4. ***Retirement Plan Beneficiary Designations***. Individuals will be encouraged to name Special Love as a beneficiary of both employer sponsored retirement plans and individual retirement accounts (IRAs).

5. ***Life Insurance Beneficiary Designations***. Individuals will be encouraged to name Special Love as beneficiary or contingent beneficiary of their life insurance policies (or the death benefits from it). Such designations shall not be recorded as gifts to the organization until the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift will be recorded on the date the gift becomes irrevocable. The donor is not able to take a charitable income tax deduction for the premium payments.

VI. Gifts Accepted Subject to Prior Review

Certain forms of gifts or donated properties may be subject to review by the board's executive committee prior to acceptance. Examples of gifts subject to prior review include, but are not limited to:

1. ***Tangible Personal Property***. The board's executive committee shall review and determine whether to accept any gifts of tangible personal property in light of the following considerations:
    a. Is the property marketable?
    b. Are there unacceptable restrictions on the use, display, or sale of the property?
    c. Are there any carrying costs for the property for which the organization may be responsible (insurance, lease space, maintenance to preserve value, appraisal for sale purpose)?
    d. Is the title/provenance of the property clear?

2. ***Life Insurance Policy***. Special Love will accept gifts of life insurance where it is named as both owner and irrevocable beneficiary of the life insurance policy. The donor must agree to pay, before due, any future premium payments owed on the policy. When the donor contributes future premium payments, Special Love will include the entire amount of the additional premium payment as a gift in the year that it was made.

    If the donor does not continue to make gifts to cover premium payments on the life insurance policy, Special Love reserves the right to:
    a. Continue to pay the premiums;
    b. Convert the policy to paid up insurance; or
    c. Surrender the policy for its current cash value.

    The executive committee will determine how to move forward if the donor does not continue to make gifts to cover the premium payments of the policy.

3. ***Real Estate***. All gifts of real estate are subject to review by the executive committee. Prior to acceptance of any gift of real estate other than a personal residence, Special Love shall require an initial environmental review by a qualified environmental firm to be paid for by the donor. In the event that the initial review reveals a potential problem, the organization may retain a qualified environmental firm to conduct an environmental audit, which will be paid for by the donor. Criteria for acceptance of gifts of real estate include, but are not limited to:

    a. Is the property useful for the organization's purposes?

b. Is the property marketable? Are there covenants, conditions, restrictions, reservations, easements, encumbrances or other limitations associated with the property?
c. Are there carrying costs (including insurance, property taxes, mortgages, notes, or the like) or maintenance expenses associated with the property?
d. Does the environmental review or audit reflect that the property is damaged or otherwise requires remediation?

If a donor wishes to donate a primary or secondary residence following the donor's death, all of the above criteria apply. The donor will be asked to amend the deed of their property so Special Love will become the property owner upon the donor's death, thereby avoiding probate. Upon the donor's death, Special Love will assume all carrying costs (insurance, property taxes, mortgages, notes, or the like) until the property is sold.

4. ***Split Interest Gifts***
    a. ***Charitable gift annuities***
    b. ***Charitable remainder trusts***
    c. ***Charitable lead trusts***
    d. ***Pooled income funds***

All split interest gift proposals will be reviewed by the board's executive committee and in consultation with counsel prior to gift acceptance and entering any formal gift agreement.

5. ***Board Restricted Designated Funds***. Special Love currently operates restricted funds managed by American Investment Services, Inc.:
    a. Investment Fund
    b. Board-Designated Endowment Investment
    d. Donor-Restricted Endowment Investment

Donors may choose to contribute gifts to any of the above endowment funds.

<u>Donor Designated Endowment Fund</u>

The Foundation will only establish a new permanent donor restricted endowment fund for gifts of $200,000 or more. With this type of gift, the donor may designate whether the gift is endowed or quasi-endowed. These gifts will be made through an Endowment Agreement or Memorandum of Understanding, which clearly states the donor's intent for the fund's purpose and how gifts are to be made. A donor may take five years to fund the minimum amount of $200,000 to establish a donor-

designated endowment. Any donor-designated endowment fund which has not achieved the minimum balance within five years of the date of the initial endowment gift shall be merged into, and become part of the Foundation's Board-Designated Endowment Investment. If there are sufficient funds to reach the donor designated endowment, the executive committee may provide an extension for the donor to fulfil the endowment commitment.

Endowment Agreements. A written endowment agreement signed by the donor(s) is required for each new permanent endowment established. This agreement must include the following language:

i. Endowment Name
ii. Donor name(s)
iii. Pledge/Gift description, amount and due date
iv. Investment information
v. Statement setting out the intended use or purpose for funds distributed from the endowment
vi. If desirable, provisions for "unlocking" the endowment, including triggers, consequences, and the donor or person(s) representing the donor who are authorized to release all or part of the endowment.
vii. Other provisions that the donor(s) or responsible development officer, Executive Director or Executive Committee determine are necessary or appropriate.

In situations where an endowment is funded by multiple donors with no primary donor(s), a gift agreement memorandum should serve as the endowment agreement.

c. Investment. All Endowment funds will be held in the investment portfolio with other invested funds, but will be managed and traced as a separate entity for reporting and distribution purposes. The Finance Committee of the Board of Directors reviews investments on a quarterly basis and in accordance with the investment policy.

The principal of endowment funds shall remain intact until such time as applicable law requires, or the board determines that the purposes for which the fund was originally established no longer exist.

d. Merger, Consolidation, or Dissolution. If at any time, Special Love is lawfully merged or consolidated with any other organization, all the provisions hereof, in respect to the general endowment fund or donor designated endowment fund agreements, shall be deemed to have been

made on behalf of the merged or consolidated organization, unless otherwise specified by the donor in the donor designated agreement. The merged organization shall be obligated to administer the General Endowment Fund and donor designated endowment funds as outlined herein.

If Special Love should ever be dissolved without any lawful successor, the General Endowment Fund and donor designated endowment funds, shall be entrusted to an organization or to a program within an organization that focuses on children with cancer, as determined by the executive committee of the board of directors, unless a donor designated endowment fund agreement has a stipulation indicating otherwise.

VII. Miscellaneous Provisions

1. ***Appraisals and Legal Fees*** – The donor is responsible for securing an appraisal (when required) and independent legal counsel for all gifts made to Special Love.

2. ***Valuation of gifts for development purposes*** – On the date a gift is received Special Love will record the valuation of the gift on that date for gift purposes in accordance with the Generally Accepted Accounting Principles (GAAP).

3. ***IRS Form 8283*** – Special Love will cooperate with donors as necessary to enable the donor to file a properly completed IRS Form 8283 when required to do so.

4. ***Responsibility for IRS Filings upon sale of gift item*** – Special Love is responsible for filing IRS Form 8282 when required – generally upon the sale or disposition of any asset (other than publicly traded securities) sold within two years of receipt by the organization when the charitable deduction value of the item was more than $5,000. Form 8282 must be filed within 125 days of the date of sale or disposition of the asset

VIII. Changes to Gift Acceptance Policies

These policies may be amended by the Executive Committee of the Board of Directors at any time.

At a minimum, the policies must be reviewed by the Executive Committee of the Board of Directors every 12 months to ensure policies are still current.

IX. Approval of Gift Policies

These policies and guidelines have been reviewed and approved by Special Love's Board of Directors.